

February 25, 2015

Dear Chairman Hatch and Ranking Member Wyden:

We, the undersigned associations, are writing to urge you to include duty drawback simplification legislation as part of the Senate Finance Committee's consideration of Trade Promotion Authority and other trade legislation.

Members of our respective organizations participate in the duty drawback program and for many years have been strong proponents of drawback simplification legislation on which we have worked with the Congress and Customs and Border Protection ("CBP"). Duty drawback is one of the oldest laws of our nation. It was established in 1789 in order to facilitate export trade between the U.S. and its foreign trading partners. Duty drawback allows domestic companies to import merchandise and raw materials and obtain a refund of Federal duties, taxes, and fees that were paid on the imported goods if the imported goods are exported, used to manufacture products for exportation, or destroyed. This program: 1) supports U.S. jobs through the export of finished goods; 2) keeps manufacturers, retailers, and distributors competitive in the global marketplace by reducing distribution and production costs and, consequently, the price of U.S. exports; and 3) simplification enables CBP to be more efficient by dedicating resources to drawback enforcement rather than processing drawback claims which are still filed in paper.

For almost a decade now, the Federal Government and the private sector have been working on duty drawback simplification legislation that would incorporate an 8-digit classification system that is designed to make it easier for the government and trade to administer and to facilitate growth in exports. This simplification effort has included numerous meetings with your trade staff and various drafts of proposed legislative changes. Both the Federal Government and the private sector have an interest in simplifying this program, which unfortunately has been marked by considerable conflict, interpretation disagreements, and litigation over the years. We now face a critical point where the window for programming drawback simplification into the Automated Commercial Environment (ACE) system is rapidly closing to make the October 1, 2016 completion date for ACE.

Legislation has been introduced by Finance and Ways and Means Committee leadership in both the House and the Senate in recent years that would incorporate drawback simplification, including S. 662 in the 113th Congress by then Finance Committee Chairman Senator Baucus and then Ranking Member Senator Hatch, and H.R. 6642 in the 112th Congress by then Trade Subcommittee Chairman Congressman Brady. Both of these bills were broad Customs reauthorization legislation that included a drawback simplification title.

We urge you to move forward with drawback simplification as soon as possible. There is broad, bipartisan Congressional, executive branch, and industry support for drawback simplification legislation, which is non-controversial. The private sector is in full accord with the CBP on the value of such legislation. We all recognize the value of adopting a more streamlined, efficient, and effective drawback regime that makes it easier for both the Federal Government and the private sector to administer use of this valuable, historic program.

As you know, Congress only rarely processes trade legislation and the drawback simplification issue has languished for several years. As Congress advances trade legislation, we urge you to take this opportunity to advance drawback simplification legislation as well, either on its own or as part of the broader Customs reauthorization bill.

Thank you for your support for this issue and your attention to our concerns.

American Association of Exporters and Importers
American Apparel & Footwear Association
American Petroleum Institute
Association of Global Automakers, Inc.
Express Association of America
National Customs Brokers and Forwarders Association of America
National Foreign Trade Council
The National Industrial Transportation League
TechAmerica, powered by CompTIA
U.S. Council for International Business
U.S. Fashion Industry Association